Message

From: Bratton, Edward [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=WALGREENS.ONMICROSOFT.COM-54052-BRATTON, EDWARD J. (EJB4E7BB377]
Sent: 3/5/2015 10:24:13 AM
To: Polster, Natasha [tasha.polster@walgreens.com]
Subject: FW: Targeted drugs for GFD
Attachments: Project Control3.pptx; Controls by Drug Detail for Adam.xlsx

We may want to ask for a refreshed data set. This included the PSC/Cash drop, as we later added controls back to PSC. The drop without PSC was 11M, not 12M.

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Cell: 224-226-9494

Every day I help people **get, stay and live well.**

From: Jelinek, Michelle
Sent: Wednesday, March 04, 2015 2:07 PM
To: Bratton, Edward
Subject: FW: Targeted drugs for GFD

From: Antol, Adam
Sent: Tuesday, January 21, 2014 5:33 PM
To: Jelinek, Michelle
Subject: FW: Targeted drugs for GFD

Be Well,
Adam

Adam Antol
Finance Director, Retail Pharmacy
200 Wilmot Road, MS# 2194

PLAINTIFFS TRIAL EXHIBIT
P-19574_00001

Deerfield, IL 60015
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F 847-315-3109
Adam.Antol@walgreens.com

TM
Every day I help people **get, stay and live well.**

From: Doyle, Daniel
Sent: Wednesday, January 08, 2014 12:13 PM
To: Crawford, Kermit
Cc: Hansen, Suzanne; Swords, Rex; Antol, Adam; Reutzel, Erich
Subject: RE: Targeted drugs for GFD

Kermit,

- We budgeted -$24M impact from CII's in FY14. We're actually seeing closer to -$44M of impact.
- The impact for the full year of the CII's that are NOT impacted by GFD is about $7-9M.

Here is some additional detail:

<u>**Control Substance Rxs - LRP vs. Current Expectations**</u>

- We budgeted GFD impact on FY14 based off of an 18 month trend ending in April 2013. The takeaway from that data was around Dec – Mar we saw scripts become flat to the year prior instead of seeing growth YoY for the first time during the timeframe.
- That reversal in growth inherently affects our run rate or the underlying trend which in the past we have seen these control substance Rxs positively impact our Rx comps. The slide attached illustrates the impact we projected (apprx. $24M annualized impact).
- In our LRP, we had included about $24M impact which was all CII related. Based on the results in Q1, the impact we are now projecting is closer to $75-80M for all Control Substance Rxs. The unfavorable variance versus our plan is about $50-60M. Of that $50-60M about $20M is related to CIIs. The rest is C3-5's.
- The biggest impact that was not accounted for in the LRP/Budget was the impact of CIII-CV volume drop (apprx. -230k scripts per month FYTD; majority CIII Hydrocodone).
- CII volume has been down roughly -150k scripts per month FYTD, which the majority was already included in our LRP.

<u>**Target GFD Impact**</u>

Target GFD is for three drugs (Oxycodone, Hydromorphone, & Methadone) which is where we are seeing the largest declines. We are also seeing declines in other CIIs such as Fentanyl TD, Morphine Sulfate, Tapentadol. In Q1, these drugs saw a 11% decline. Attached is the individual drug detail for all classes in Q1 TY vs. LY.

Let me know if you have any additional questions. Thanks.

From: Crawford, Kermit
Sent: Wednesday, January 08, 2014 7:07 AM
To: Doyle, Daniel; Reutzel, Erich
Cc: Hansen, Suzanne; Swords, Rex
Subject: Fwd: Targeted drugs for GFD

Dan,
What negative impact did we budget for C2s in FY14? My understanding is this was based on the April through August trend after the implementation of the targeted GFD policy. What is the difference vs what the actual impact?
The targeted GFD policy is for these four drugs only. What impact are we seeing on other C2s?

Sent from my iPad

Begin forwarded message:

From: "Swords, Rex" <rex.swords@walgreens.com>
Date: January 8, 2014 at 6:25:45 AM CST
To: "Crawford, Kermit" <kermit.crawford@walgreens.com>
Subject: Re: Targeted drugs for GFD

The target drugs are oxycodone (OxyContin), hydromorphone (Diluadid) and methadone. All are CII's.

These were determined by data of dispensing increase and DEA action.

Rex Swords R.Ph.
Divisional Vice President
Pharmacy Services
(847) 315-2072

On Jan 7, 2014, at 10:09 PM, "Crawford, Kermit" <kermit.crawford@walgreens.com> wrote:

How many and what are they?

Sent from my iPad

Preliminary Draft

DEA Financial Impact

All financial impacts are annualized unless noted

C2 Volume Impact……………………………………………$24.0M

- PSC/Cash Rx Impact - $13M
- Base Volume Change $11M *(excluding ESI)*
- FY13 Impact YTD - $16M *(Base + PSC)*

Labor Impact from Good Faith Dispensing……………………$5.0M

- GFD performed on 25% of C2s
- 5 minutes per impacted script
- 1,945 stores will have >2 hours/week

Impact on M&D and Distribution…………………………………$36.0M

- 100% of C2 volumes switches to Cardinal
- Cardinal will not keep us whole on DC purchases that move to DSD
- Generic vendors will continue to honor chargebacks
- Store profit will be impacted only if chargebacks are not passed back

Total Impact:
$65 M
FY13 Forecast = $44M

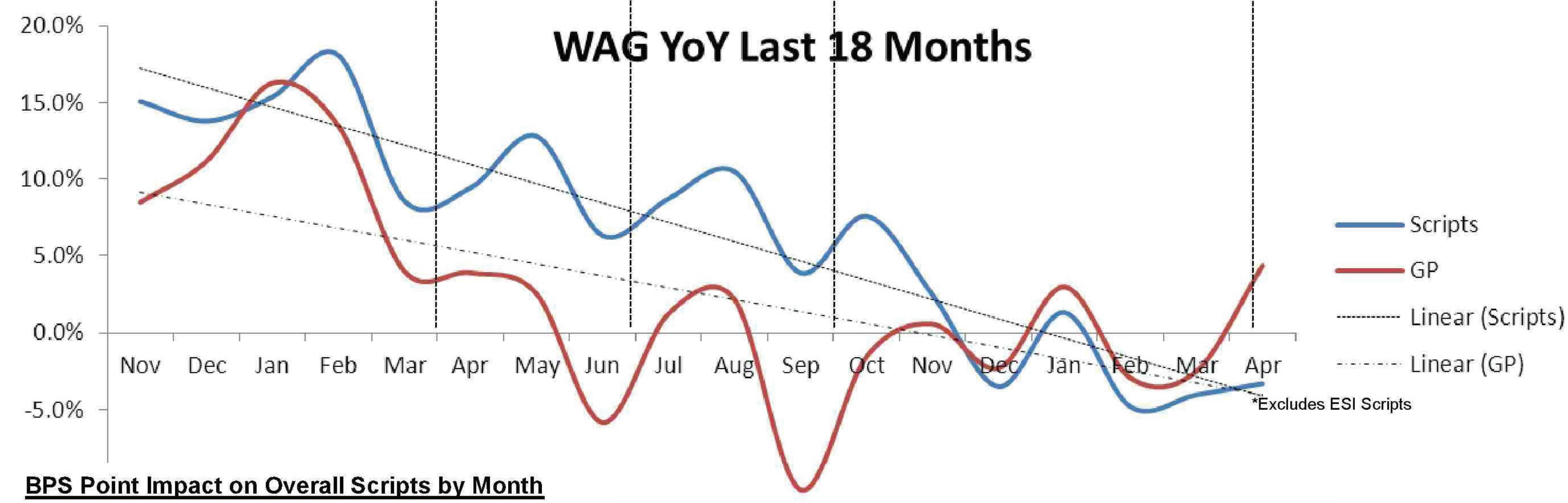
We have seen significant script declines over the last 18 months

April 2012
Orders to show cause were issued by the DEA

May 2012 - Removed Oxy 15 & 30mg from PSC formulary
July 2012 -Reissued GFD Policy

Oct 2012
C2 NDCs removed from PSC Formulary

April 2013
National rollout of Target Drug GFD



BPS Point Impact on Overall Scripts by Month

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Scripts	37	44	45	52	55	32	32	46	22	27	13	24	8	-12	4	-17	-15	-11
GP $	58	78	118	101	33	32	20	-47	9	16	-78	-11	4	-17	21	-23	-20	32

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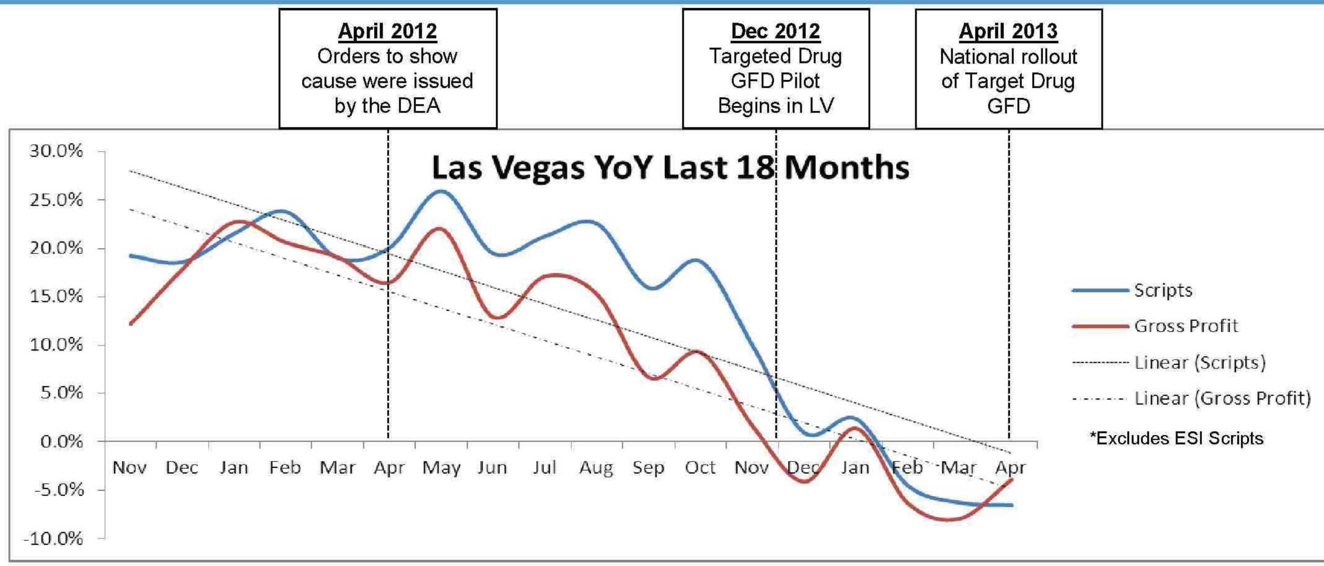
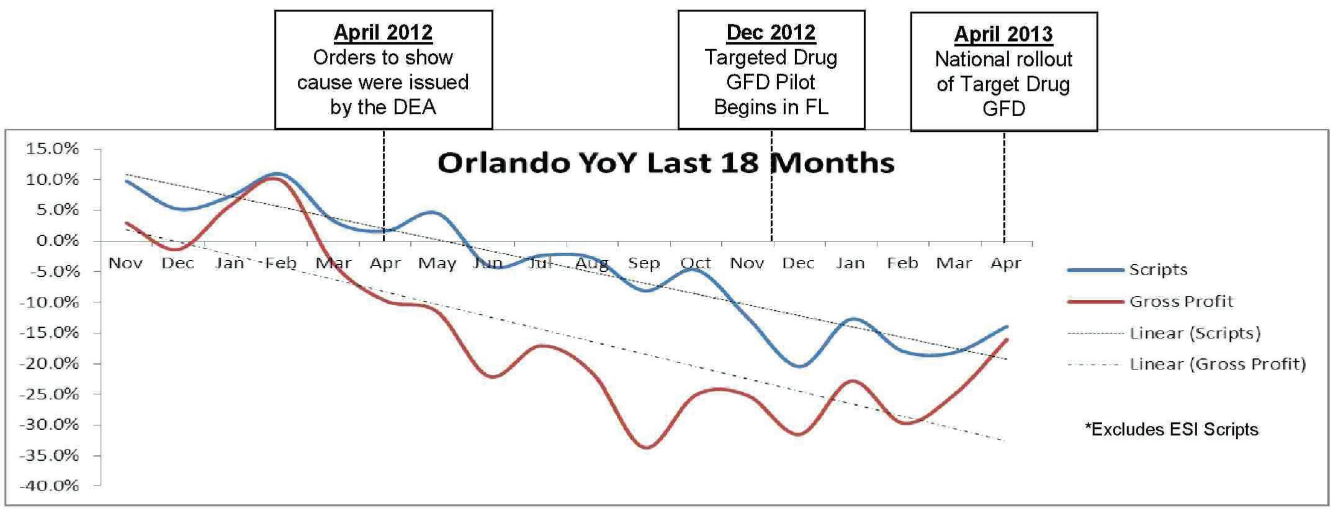
Las Vegas and Orlando have both decreased over 30% in scripts and GP in the past 18 months





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